

Financial report for the four months ended 28 February 2011.

This report should be read in conjunction with the financial report which can be found in the open section of the agenda papers.

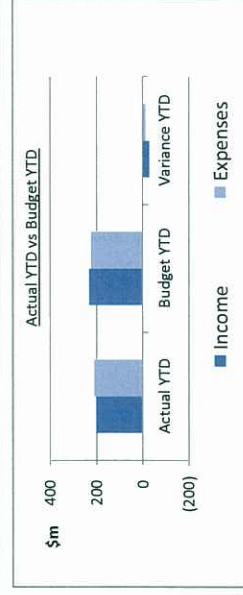
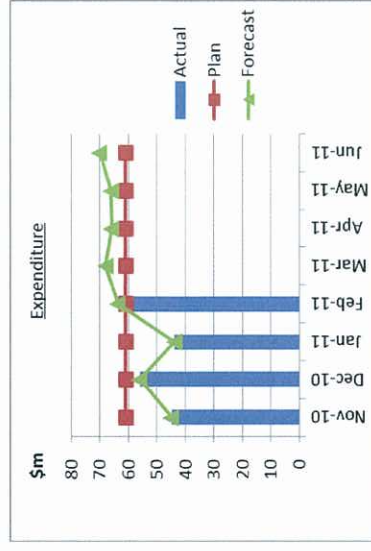
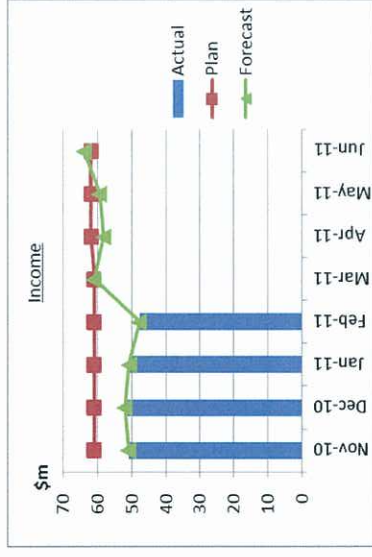
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Section 1 - Statement of Financial Performance for the four months ended 28 February 2011

Split by category

	Current month		Year to date		8 month period				Results achieved	
	Actual \$000	Variance \$000	Forecast \$000	Actual \$000	Forecast \$000	30 June 2011 \$000	Plan 30 June 2011 \$000	Variance \$000		
Income										
Operating income										
Auckland Council funding	17,562	0	17,562	70,249	70,249	140,498	140,498	-	●	
NZ Transport Agency	14,555	(1,301)	15,856	63,400	63,400	126,825	127,747	(922)	●	
Parking and enforcement income	1,210	(3,220)	4,430	17,441	20,342	47,042	48,477	(1,435)	●	
Public transport income	2,255	(482)	2,737	9,878	10,140	21,381	21,145	236	●	
Other revenue including other grants and subsidies	4,033	2,536	1,497	7,118	5,133	14,504	9,690	4,814	●	
	39,615	(2,467)	42,082	156,542	169,264	350,250	347,557	2,693	●	
Income for capital projects										
NZ Transport Agency	6,860	(7,296)	14,156	39,909	56,625	83,250	133,570	(50,320)	●	
Auckland Council funding	1,287	-	1,287	5,147	5,147	10,294	10,294	-	●	
	8,147	(7,296)	15,443	45,056	61,772	93,544	143,864	(50,320)	●	
Total income	47,762	(9,763)	57,525	201,598	231,036	443,794	491,421	(47,627)	●	
Expenditure										
Personnel costs	5,487	747	6,234	22,560	23,755	49,493	51,617	2,124	●	
Depreciation and amortisation expense	17,395	(43)	17,352	69,660	69,807	139,214	140,714	1,500	●	
Other expenses	40,772	(3,314)	37,458	118,297	129,894	290,710	295,940	5,230	●	
Finance costs	-	-	-	-	-	-	-	-	-	●
Total operating expenditure	63,654	(2,610)	61,044	210,517	223,456	479,417	488,271	8,854	●	
Operating surplus (deficit)	(15,892)	(12,373)	(3,519)	(8,919)	7,580	(35,623)	3,150	(38,773)	●	



● : Largely on track
 ● : Monitoring/ some action
 ● : Action required/taken

Section 2 - Financial results by activity
For the four months ended 28 February 2011

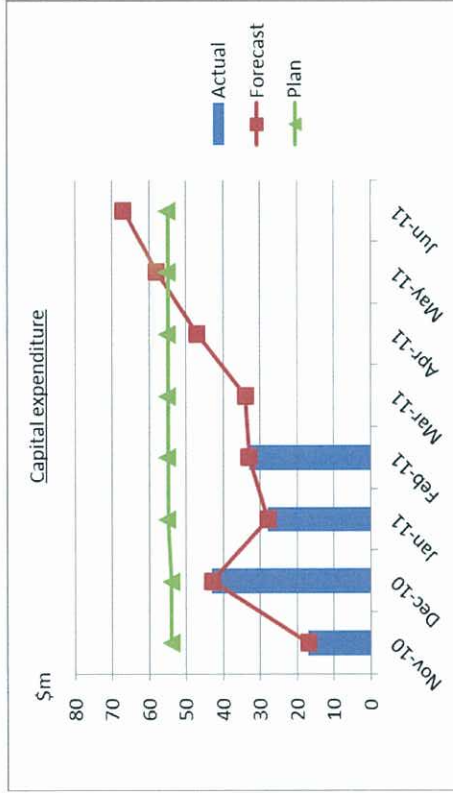
		Parking and Enforcement \$'000	Public Transport \$'000	Road Network \$'000	Other \$'000	Total \$'000
Operational costs (excluding income for capital projects)						
YTD Actual/Forecast Variance	Revenue	(2,901)	(7,832)	(2,330)	341	(12,722)
	Expenditure	889	5,033	2,783	4,234	12,939
	Net result	(2,012)	(2,799)	453	4,575	217
8 months Forecast/Plan Variance	Revenue	(1,435)	(1,476)	2,097	3,507	2,693
	Expenditure	(63)	12,232	(4,959)	1,644	8,854
	Net result	(1,498)	10,756	(2,862)	5,151	11,547
Capital Expenditure:						
YTD Actual/Forecast Variance 8 Months Forecast/Plan Variance		289	(8,054)	(33,185)	(2,559)	(43,509)
		(88)	(43,684)	(61,772)	(5,555)	(111,099)

● : Largely on track ● : Monitoring/ minor action taken ● : Action required/taken

Section 3 - Summary of capital expenditure results for the four months ended 28 February 2011

	Current month				Year to date				8 month period			
	Actual	Forecast	Variance	Actual	Forecast	Variance	Results	Forecast	Plan	Variance	Results	
	\$000	\$000	\$000	\$000	\$000	\$000	Achieved	30 June 2011	30 June 2011	\$000	Achieved	
New capital expenditure	14,361	36,276	(21,915)	58,033	99,401	(41,368)	●	193,549	308,177	(114,628)	●	
Renewal capital expenditure	18,972	16,869	2,103	64,569	66,710	(2,141)	●	133,663	130,134	3,529	●	
Total direct capital	33,333	53,145	(19,812)	122,602	166,111	(43,509)		327,212	438,311	(111,099)		
Vested assets	-	-	-	-	-	-		-	-	-		
Total capital	33,333	53,145	(19,812)	122,602	166,111	(43,509)		327,212	438,311	(111,099)		

● : Largely ontrack ● : Monitoring, may require action ● : Action required, project issues or risks



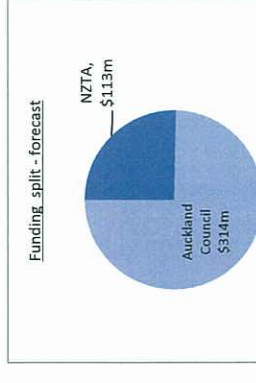
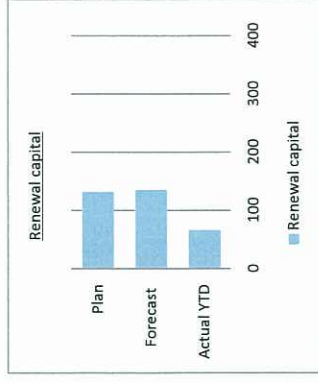
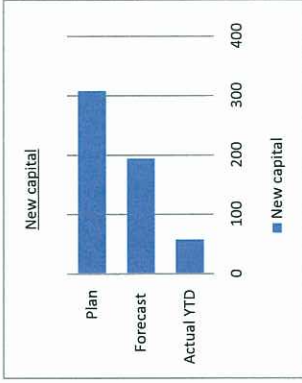
Section 4 - Summary of Capital Expenditure for the four months ended 28 February 2011 Split by activity

	Current month			Year to date			8 month period			Results Achieved
	Actual \$'000	Forecast \$'000	Variance \$'000	Actual \$'000	Forecast \$'000	Variance \$'000	30 June 2011 \$'000	Plan \$'000	Variance \$'000	
New capital expenditure										
Parking operations	1,150	402	748	1,212	872	340	5,486	5,574	(88)	●
Public transport	933	8,358	(7,425)	17,654	24,516	(6,862)	36,444	76,879	(40,435)	●
Roads	9,534	24,679	(15,145)	34,061	66,393	(32,332)	134,352	203,016	(68,664)	●
Other	2,744	2,837	(93)	5,106	7,620	(2,514)	17,267	22,708	(5,441)	●
Total new capital	14,361	36,276	(21,915)	58,033	99,401	(41,368)	193,549	308,177	(114,628)	●
Renewal capital expenditure										
Parking operations	-	25	(25)	-	51	(51)	152	152	-	●
Public transport	75	750	(675)	125	1,317	(1,192)	8,587	11,836	(3,249)	●
Roads	18,768	16,023	2,745	64,268	65,122	(854)	124,364	117,472	6,892	●
Other	129	71	58	176	221	(45)	560	674	(114)	●
Total renewal	18,972	16,869	2,103	64,569	66,710	(2,141)	133,663	130,134	3,529	●
Total direct capital	33,333	53,145	(19,812)	122,602	166,111	(43,509)	327,212	438,311	(111,099)	
Vested assets	-	-	-	-	-	-	-	-	-	
Total capital	33,333	53,145	(19,812)	122,602	166,111	(43,509)	327,212	438,311	(111,099)	
Funding										
NZTA - new capital	3,266	9,701	(6,435)	23,875	38,805	(14,930)	39,691	91,538	(51,847)	
NZTA - renewal capital	3,594	4,455	(861)	16,034	17,820	(1,786)	43,559	42,032	1,527	
Other grants & subsidies	-	-	-	-	-	-	-	-	-	
Auckland Council	26,473	38,989	(12,516)	82,693	109,486	(26,793)	243,962	304,741	(60,779)	
Total funding	33,333	53,145	(19,812)	122,602	166,111	(43,509)	327,212	438,311	(111,099)	

● : Largely on track

● : Some issues or risks

● : Project issues or risks



Section 5 - New capital expenditure report for the four months ended 28 February 2011

Projects > \$1.5 m

	Current month			Year to date			8 month period			Future		Confidence rating	
	Actual	Forecast	Variance	Actual	Forecast	Variance	Results	Forecast	Plan	Variance	Budgets		
	\$000	\$000	\$000	\$000	\$000	\$000	Achieved	30 June 2011	30 June 2011	\$000	2012-2019		
								\$000	\$000	\$000	\$000		
New capital expenditure - projects > \$1.5m budget													
New Lynn TOD project	30	3,724	(3,694)	6,119	11,840	(5,721)	●	21,736	47,750	(26,014)	68,876	High	Construction
AIFS Project Management	236	3,166	(2,930)	14,869	14,165	704	●	25,500	14,800	10,700	12,425	High	Underway
Weiti Toll Road	13	0	13	142	56	86	●	142	12,950	(12,808)	125,472	High	Deferred
Manukau City Rail Link	69	983	(914)	185	2,053	(1,868)	●	5,000	10,004	(5,004)	-	High	Tender Phase
NorSGA Massey Nth Westgate	256	1,000	(744)	580	2,192	(1,612)	●	12,573	9,933	2,640	56,706	Medium	Construction
AMETI - Land (Wider project)	0	1,552	(1,552)	14	3,103	(3,089)	●	12,413	9,718	2,695	75,222	High	Land acquisition
Land Acq SH16 & Hobsonville Rd	44	1,409	(1,365)	65	2,818	(2,753)	●	11,271	9,447	1,824	-	High	Land acquisition
Real Time Passenger Information Sys	98	1,083	(985)	299	1,594	(1,295)	●	3,482	8,905	(5,423)	7,473	Medium	On Target
Distributed Stabling -Detailed Desi	146	399	(253)	289	896	(607)	●	2,490	8,860	(6,370)	-	Medium	Design
NorSGA Hobsonville TC Inds Prec	198	150	48	200	302	(102)	●	4,200	8,318	(4,118)	42,513	Medium	Design/Land acq.
AMETI - Panmure Corridor Package 1	543	1,037	(494)	1,808	2,703	(895)	●	8,546	6,963	1,583	178,591	High	Underway
Busway - Westlake Station Land	0	1,269	(1,269)	12	1,998	(1,986)	●	-	5,006	(5,006)	-	Low	Acquisition
Manukau Rail Link	-9	142	(151)	0	292	(292)	●	-	4,320	(4,320)	449	High	Design/Construction
Lake Road (Esmonde to Jutland)	1,632	1,000	632	2,458	2,810	(352)	●	5,310	4,286	1,024	362	High	Construction
Sturges Rd Bridge Upgrade	867	914	(47)	2,132	2,467	(335)	●	2,984	4,167	(1,183)	24,161	High	Construction
Albany Highway Upgrade	57	413	(356)	180	901	(721)	●	2,552	3,881	(1,329)	3,124	Medium	Land acquisition/Design
East Coast Road (Hastings to Rosedale)	239	300	(61)	2,953	3,642	(689)	●	3,842	3,877	(35)	-	High	Construction
Eden Park precinct transport and inf	-19	489	(508)	57	1,484	(1,427)	●	3,441	3,730	(289)	-	High	construction
New Projects F5063/1 Hobsonville	1	200	(199)	3	403	(400)	●	100	3,500	(3,400)	-	High	Design
Pedestrian traffic	0	0	-	5	5	-	●	700	3,415	(2,715)	30,972	High	Tender Phase
Pavement Reconstruction	-777	488	(1,265)	1,525	1,835	(310)	●	3,789	3,107	682	32,553	High	Underway
Minor safety works	450	480	(30)	857	609	248	●	2,603	3,036	(433)	86,568	High	Design/Construction
AMETI - 4 Pakuranga Tl Rakau & Reeves Rd	-180	731	(911)	189	1,793	(1,604)	●	5,970	2,971	2,999	226	High	Construction/Design
Sandringham Road realignment	502	370	132	1,084	1,320	(236)	●	1,500	2,960	(1,460)	4,000	High	Project closure
Seal Extensions	7	157	(150)	62	366	(304)	●	787	2,943	(2,156)	49,753	High	Tender Phase
Land Development Land Purchase_locke	0	758	(758)	0	1,516	(1,516)	●	500	2,913	(2,413)	6,002	Low	Land acquisition
Fiat Bush School Upgrading	37	560	(513)	47	1,100	(1,053)	●	1,050	2,893	(1,843)	9,545	Low	Design
Dominion Road land for roads	52	1,103	(1,051)	65	2,208	(2,143)	●	8,820	2,484	6,336	2,575	Medium	Land acquisition

	Current month			Year to date			8 month period			Future		Project Status
	Actual	Forecast	Variance	Actual	Forecast	Variance	Results		Variance	2012-2019	High	
							Achieved	30 June 2011				
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	Medium	
Park and ride Silverdale	95	95	(0)	192	226	(34)	3,340	2,175	1,165	1,865	Medium	Tender
Cont. Massey Nth Access Lane	0	77	(77)	0	155	(155)	619	2,046	(1,427)	-	High	NZTA contribution
Cycleway On Road Cycle Lanes	-518	262	(780)	106	1,071	(965)	300	2,020	(1,720)	-	High	Construction
Wynyard Crossing Te Wero Bridge	0	237	(237)	0	474	(474)	3,218	1,896	1,322	3,903	High	Construction
Memorial Drive Extension - Crown Lyn	0	54	(54)	2	110	(108)	327	1,800	(1,473)	832	High	Design
FT Upgrade DT Pier 1C	0	20	(20)	1	27	(26)	1,000	1,777	(777)	19,130	High	Design
Proactive safety programme	35	1	34	238	48	190	937	1,773	(836)	17,222	High	Design & constr.
Footpaths & Cycleways	-540	350	(890)	327	1,532	(1,205)	1,700	1,720	(20)	46,500	High	Design & constr.
Dominion Rd stage 1-4	9	232	(223)	41	482	(441)	1,300	1,700	(400)	32,323	Medium	Design
Gasometer Development Parking	0	213	(213)	0	426	(426)	50	1,684	(1,634)	-	Medium	Developer - led
Carpark Operating Equipment	1,096	50	1,046	1,152	125	1,027	4,952	1,612	3,340	1,109	High	Underway
Hetana Street Extension - Crown Lynn	0	18	(18)	0	36	(36)	105	1,581	(1,476)	-	High	Concept design
Glenfield Road-Kaipatiki Intersecti	0	20	(20)	0	40	(40)	120	1,562	(1,442)	-	Medium	Investigation
Total projects > \$1.5m	4,669	25,495	(20,826)	38,258	71,223	(32,965)	169,269	230,483	(61,214)	940,452		
Other projects < \$1.5m	9,692	10,781	(1,089)	19,775	28,178	(8,403)	101,483	77,694	23,789	-		
Portfolio provision for non-completion of projects	-	-	-	-	-	-	(77,203)	-	(77,203)	-		
Total new capital expenditure	14,361	36,276	(21,915)	58,033	99,401	(41,368)	193,549	308,177	(114,628)	940,452		

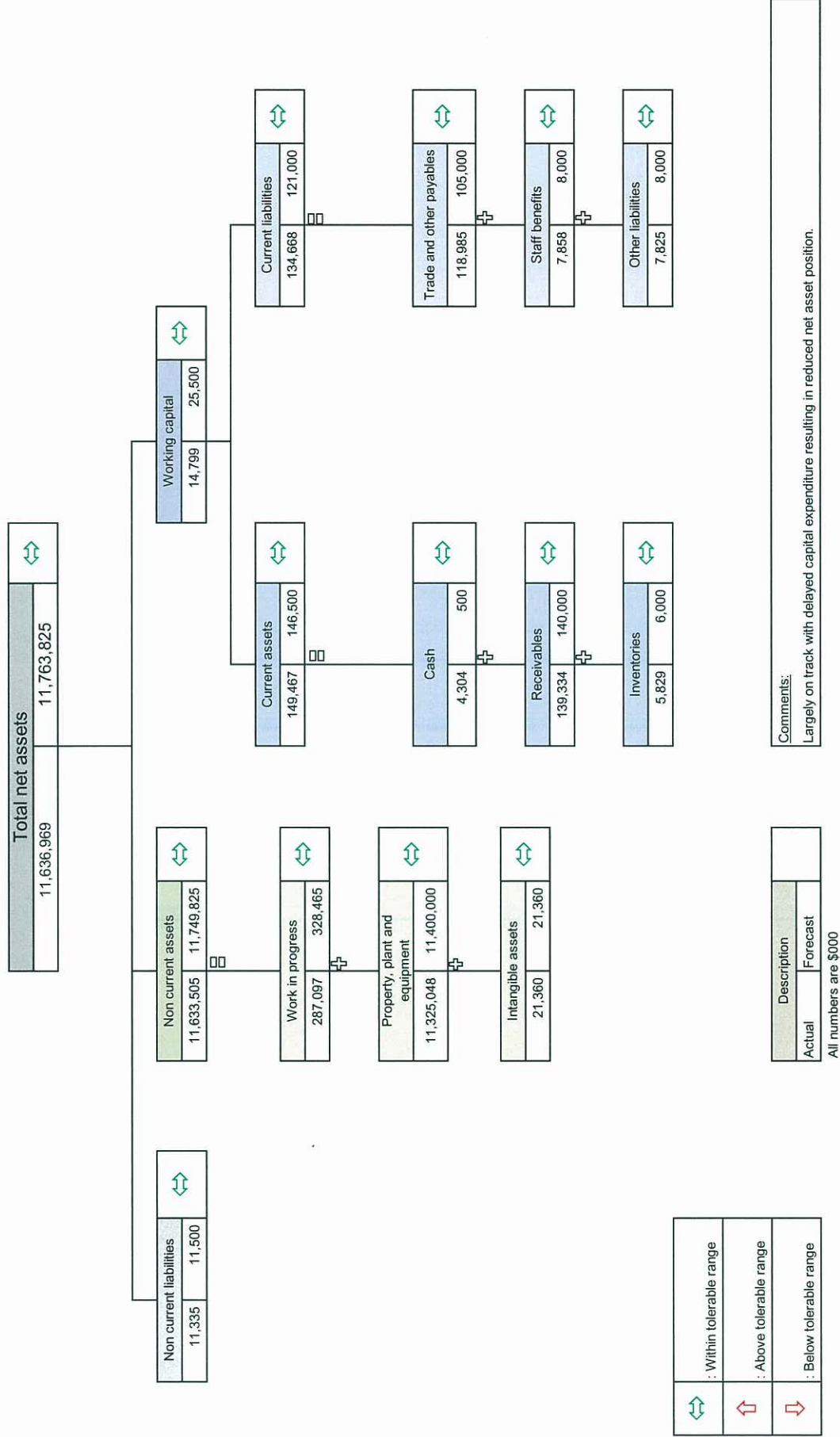
Results Achieved:

● : Project on track

● : Project on track although some issues or risks

● : Project issues or risks

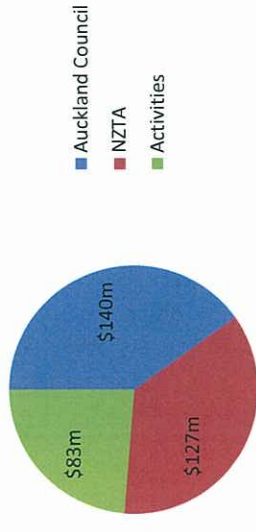
Section 6 - Diagram of Financial Position
As at 28 February 2011



Section 7 - Funding Statement for the four months ended 28 February 2011

	Current Month \$000	Year to Date \$000	Forecast 8 months \$000	Plan 8 months \$000
Cash flows from operating activities				
Cash provided from:				
Income from activities	8,605	27,197	82,927	79,312
Funding from Auckland Council	9,500	91,972	140,498	140,498
Operating NZTA grants received	11,891	34,629	126,825	127,747
Goods and services tax (net)	10,435	5,745	-	-
Total cash provided	40,431	159,543	350,250	347,557
Cash applied to:				
Payments to suppliers, employees and directors	9,736	97,123	350,250	347,557
Goods and services tax (net)	-	-	-	-
Total cash applied	9,736	97,123	350,250	347,557
Net cash from operating activities	30,695	62,420	-	-
Cash flows from investing activities				
Cash provided from:				
NZTA grants received for capital projects	12,745	42,959	83,250	133,570
Auckland Council	-	-	243,962	304,741
Total cash provided	12,745	42,959	327,212	438,311
Cash applied to:				
Capital expenditure projects	43,144	101,335	327,212	438,311
Total cash applied	43,144	101,335	327,212	438,311
Net cash from investing activities	(30,399)	(58,376)	-	-
Cash flows from financing activities				
Cash provided from:				
Proceeds from borrowings	-	-	-	-
Total cash provided	-	-	-	-
Net cash from financing activities	-	-	-	-
Net (decrease)/increase in cash and cash equivalents	296	4,044	-	-
Opening cash balance	3,748	-	-	-
Closing cash balance	4,044	4,044	-	-

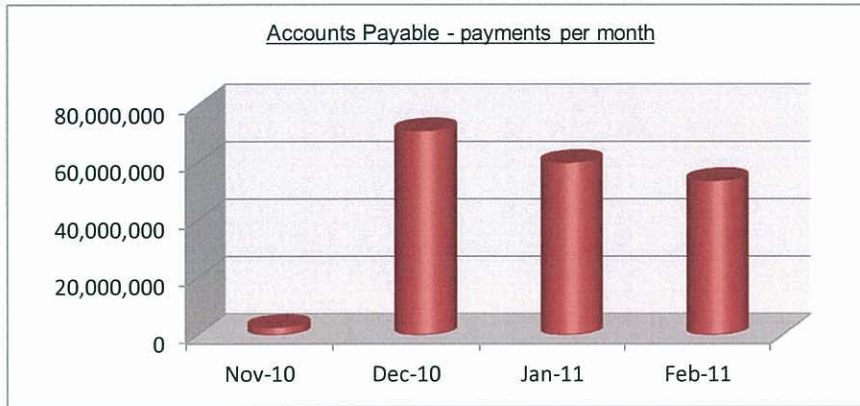
Forecast cash provided from operating activities (\$000)



Note that \$25.2m was received from NZTA by AT and paid back on to the legacy councils as it related to pre-amalgamation.

Section 8 - Accounts Receivable and Accounts payable Report - February 2011

Both the Accounts Receivable (AR) and Accounts Payable (AP) teams have settled in well and business processes have been bedded down. The following graphs provide an overview of these functions from a financial management perspective.



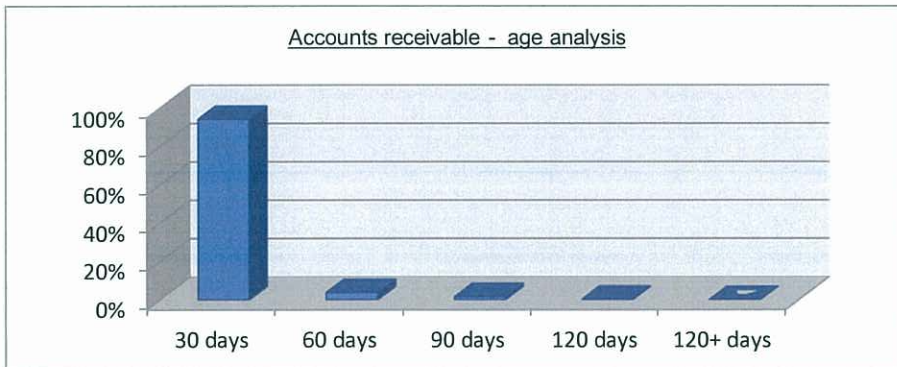
Accounts Payable

Following a slow start to operations in November last year, the process has picked up momentum and at this stage there are very few unpaid or invoices under query.

Total payments processed in February were \$54m which was \$6m lower than the previous month.

Accounts Receivable - excluding infringements

Total AR was \$3.7m at the end of February (this is excluding infringements and amounts owed by Auckland Council). Of the \$3.7m owing, only 5% is older than 30 days. An amount of \$37k is currently owed by a company that is in Receivership and there is an amount of \$4k which is under dispute. We are aware of various amounts which have been paid to Auckland Council which are being resolved.

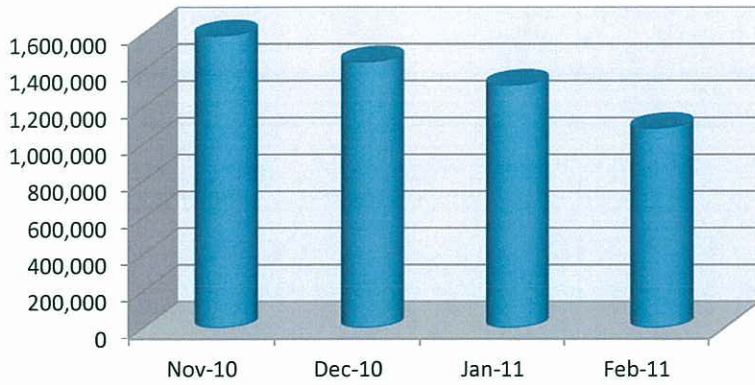


Infringements

Auckland Transport is currently processing on average 23,000 infringement receipts per month, at an average of \$59 per receipt.



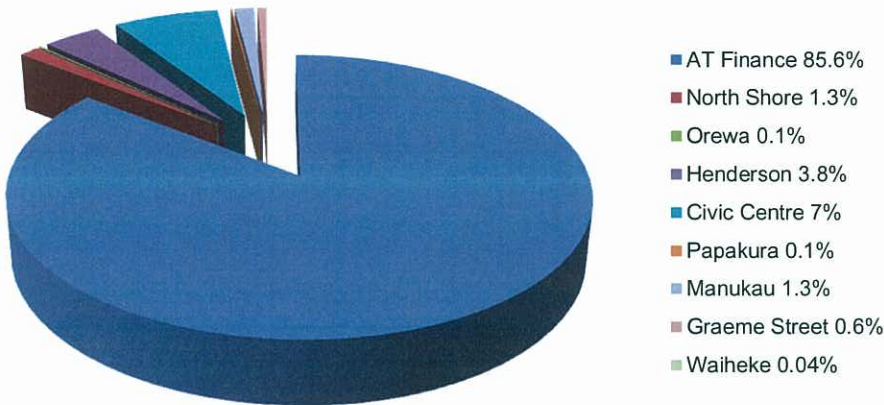
Value of infringement receipts by month



The values portrayed in this graph do not include recoveries through the court system. In February \$1.2m was received which was \$0.2m lower than the previous month.

The next graph shows the infringement receipts processed across the Auckland region in the Front of House facilities compared to the processing via AT Finance department (ie. internet, BNZ and Kiwibank). This assists in understanding customer payment preferences.

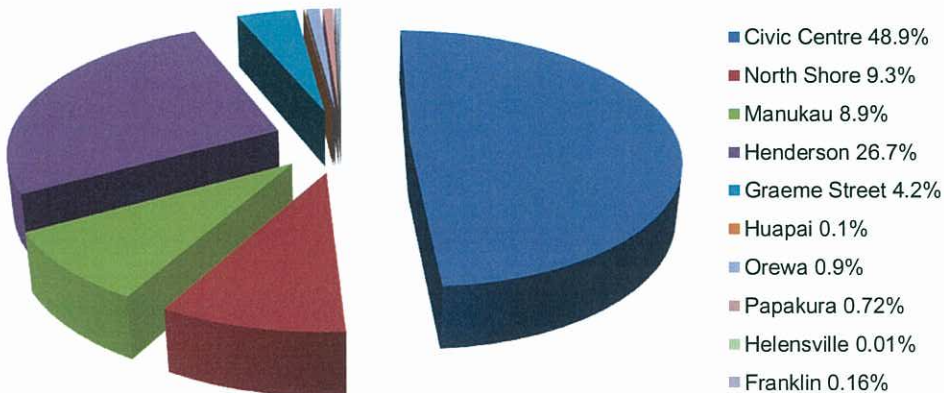
Analysis of infringement receipting - 4 months



This next graph excludes all receipts carried out through AT Finance team and shows the split of receipts processed at the FOH operations.

More than 93% of the FOH infringement receipts are processed through the four main centres.

Analysis of infringement receipts at FOH locations over the last four months



**Section 9 - Forecast review changes
For the 8 month period - 1 November 2010 to 30 June 2011
Reconciliation between the Annual Plan and the forecast to 30 June 2011**

Description of change forecast	Operational results		Capital expenditure		Funding impact	
	Operating costs \$000	Revenue \$000	New capital \$000	Renewal capital \$000	Impact on rates \$000	Impact on debt \$000
Total as per Auckland Council Planning Document for 8 months to 30 June 2010	488,272	491,422	307,880	130,135		
<u>Previously reported to the Board:</u>						
Infrastructure Division						
1 Brought forward capital projects from legacy councils - increase of \$52.8m.			52,778			52,778
2 Overall reduction in new capital expenditure of \$50.9m, comprising \$86.9m of decreases, \$30.2m of increases and \$5.8m of additional projects.	↓		(50,925)			(50,925)
3 Overall reduction in NZTA capital funding recalculated.	↓	(20,320)				20,320
4 Overall increase in NZTA operational funding (includes changes reported in the Operations Division).	↑	1,503			(1,503)	
5 Reduction in operational costs of \$0.8m (with \$0.3m of this being staff related costs).	↓	(798)			(798)	
Sub-total Infrastructure		(18,817)	1,853	-	(2,301)	22,173
Operations Division						
Parking and enforcement						
6 Reduced revenue of \$2.4m for the 8 month period mainly due to unachievable revenue initiatives by budget.	↓				2,366	
7 Increased opex costs of \$0.5m for unbudgeted new branded uniforms and security costs for nightshift work.	↑	495			495	
8 Deferred new capital expenditure of \$2.5m for a variety of projects.	↓		(2,463)			(2,463)
Public transport						
9 Reduced costs of \$4.6m largely due to savings from duplicated projects and lower spending in November and December, offset by increased costs of \$0.2m for the AIFS Customer Support project.	↓					
10 New capital expenditure - reduced capex due to deferrals of \$5.02m and savings of \$1.7m.	↓		(6,720)		(4,425)	(6,720)
Renewals capital expenditure - reduced capex due to deferrals of rail rolling stock work \$3m offset by increase of \$0.64m for urgent renewals at Britomart.	↓			(2,331)		(2,331)
11 Support - Reduced staff costs (\$0.2m) and internal salary recharges (\$1.9m).	↓	(2,100)			(2,100)	
Community Transport - Savings of \$0.7m for contractor costs offset by increased internal salary recharges (\$1.9m). Increased NZTA income of \$0.8m is attributable to this and is reported in the NZTA section above.	↑	1,148			1,148	
14 Road Corridor access - Reduced operational costs of \$190k and increased income of \$15k.	↓	(190)			(205)	
Road Corridor maintenance and operations: Increased opex costs of \$5m for unbudgeted storm damage in late January 2011 (SH1 Warkworth, Waiheke Island and Forest Hill Waitakere) offset by NZTA funding of \$2.5m which is reported in the NZTA section above. Increased costs of \$0.4m for the Traffic Management Unit (TMU).	↑	5,447			5,447	
16 Increased renewal capex of \$293k (TMU) and new capex of \$264k (addition of Safety Related Cycling Improvement projects).	↑		264	293		557
17 Increase in petrol tax budget (transfer from Auckland Council to correct budget error).	↑	4,106			(4,106)	
Sub-total Operations	375	1,755	(8,919)	(2,038)	(1,380)	(10,957)

Description of change forecast	Operational results		Capital expenditure		Funding impact	
	Operating costs \$000	Revenue \$000	New capital \$000	Renewal capital \$000	Impact on rates \$000	Impact on debt \$000
Chief Financial Officer and CE office forecast changes						
18 Decreased depreciation of \$1.5m due to reduced capital expenditure in previous year.	F ↓	(1,500)			(1,500)	
19 Reduced professional services costs.	F ↓	(1,300)			(1,300)	
20 Reduced salary and wages	F ↓	(2,539)			(2,539)	
Additional IT contractual commitments, includes backfilling of vacant roles and implementation costs (offset by savings in salaries of \$1.4m included in item above).	U ↑	3,071			3,071	
22 Audit fees \$0.4m.	U ↑	440			440	
23 Increased HR costs (includes bringing forward budget of \$0.5m from 2011/12 plan).	U ↑	749			749	
24 Increase costs for training initiatives.	U ↑	415			415	
25 Various other sundry items netted.	F ↓	(144)			(144)	
26 Unidentified revenue - budget correction.	U ↓	(834)			834	
27 Increase in IT capex budget.	U ↑		2,750			2,750
28 Internal transfer of training costs from other areas.	- ↔	400			400	
29 Internal transfer of costs from customer service to operational area for NZTA claim purposes - budget correction.	- ↔	(1,665)			(1,665)	
Sub-total CFO and CE		(2,073)	2,750	-	(1,239)	2,750
		●	●			
Sub-total all changes for the first forecast review		(2,496)	(4,316)	(2,038)	(4,920)	13,966
		●	●	●		
Total forecast as at 31 December 2010		485,776	473,526	303,564	128,097	13,966
<u>New items reported to the Board this month:</u>						
30 Removal of new capex projects indentified in Infrastructure division above (line 2).	F ↓		(5,800)			(5,800)
31 Correction of allocation of capex between "new" and "renewal".	- ↔		(4,215)	4,215		-
32 Refined budget estimates based on updated information. Corrections due to some operational projects originally forecast twice once in Operations division and once in Infrastructure and refined budget estimates. This variance is split across the following activities: road network (\$9.9m), public transport \$1.8m, parking enforcement \$0.5m and other \$1.3m.	U ↑		268	1,351	(268)	1,351
33 Overall reduction in new capital expenditure of \$22.8m	F ↓	(6,359)			(6,359)	
34	F ↓		(22,798)			(22,798)
35 Portfolio provision for non-completion of new capital expenditure - assumed \$77m.	F ↓		(77,202)			(77,202)
36 NZTA income provisional adjustment based on item 34 and 35 - assumed \$30m.	U ↓		(30,000)			30,000
Sub-total all changes for the second forecast review		(6,359)	(29,732)	(110,015)	5,566	(74,449)
		●	●	●	●	
Total forecast as at 28 February 2011		479,417	443,794	193,549	133,663	(134,932)

Description of change forecast	Operational results		Capital expenditure		Funding impact	
	Operating costs \$000	Revenue \$000	New capital \$000	Renewal capital \$000	Impact on rates \$000	Impact on debt \$000
Key to symbols used						
↔						
: Transfer between areas						
: Below budget, unfavourable variance						
↓						
: Below budget, favourable variance						
↑						
: Above budget, unfavourable variance						
↑						
: Above budget, favourable variance						
U						
: Unfavourable variance						
F						
: Favourable variance						
-						
: Neutral						
●						
: On track						
●						
: Within tolerable range						
●						
: Action required						

